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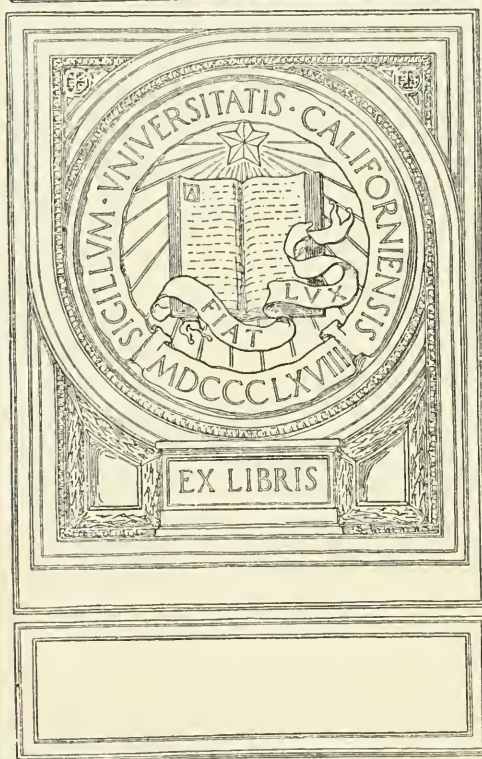


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The liberty loan

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THE LIBERTY LOAN

ADDRESS

OF

HON. W. G. McADOO

SECRETARY OF THE TREASURY

DELIVERED AT A MEETING OF BUSINESS MEN AND
BANKERS OF IOWA

IN DES MOINES, MAY 21, 1917



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THE LIBERTY LOAN.

An address by Hon. W. G. McAdoo, Secretary of the Treasury, delivered at a meeting of business men and bankers of Iowa, in Des Moines, May 21, 1917.

Mr. Chairman and fellow citizens, I am delighted to be here to join you in a discussion of the very vital problems before the country. I am particularly glad because it is the first time that I have ever had an opportunity to stop upon the soil of Iowa and meet some of its representative men face to face. I am always pleased when I come to the West—and I do not say this in the language of idle compliment; I say it because I mean it, because I like the spirit of the West. There is something in your handshake that means sincerity and friendship; it means vigor; it means that sturdy Americanism, that courage, and that valor which are essential now if you are going to carry your country through the perils that confront it.

THE NATION'S CHIEF DANGER.

And so it is, my friends, that I am glad to be here and to talk to you about matters that concern your very lives and the future of your country; more than that, that concern the very foundations of the civilized world, because it would be impossible for a truthful man to exaggerate the gravity of the situation which now confronts the civilized world.

In all democracies there is one serious defect, and that is the difficulty of arousing the people promptly in cases of emergency to the dangers of the situation. The chief danger confronting us to-day is the fact that in this great Republic of 100,000,000 population it may be difficult to get the people aroused quickly enough to enable them to strike the initial blows effectively enough to end this war as quickly as it ought to be ended and as it can be ended if the right sort of organization can be effected. I have left Washington at this time, when my shoulders are tremendously overloaded and when I am needed there on other grave and pressing problems in the Treasury Department, to meet some of the American people face to face and to attempt to tell them some of the things they ought to know if they do not already know them. I am going to talk to you perfectly frankly about the situation.

WAR UNAVOIDABLE.

In the first place, gentlemen, let it be understood now that this war was just as unescapable for the American people as it is to escape the rising of to-morrow's sun. Your great President, at whose side I have

had the privilege and the honor of serving for the past four years, has done everything that mortal man could do to keep this country honorably at peace. I know how his soul has been wrung with the very anguish of the man whose whole thought was of humanity when he has had to face the terrible problem of leading this peaceful Nation into war. But there is a power above that of any human being, which, in these momentous crises that arise from time to time in the world's life, directs action and against which fallible man is powerless to assert himself. This is one of those crises. We are in the midst of one of those great upheavals of civilization, one of those cataclysmic times out of which great events are born, great events that are going to profoundly affect the whole future of the human race for centuries, perhaps; and it is because the omnipotent God has seen in this country the greatest leader of democracy, the greatest champion of liberty in the civilized world, the instrument to restore to suffering humanity the blessings of peace—stable peace based upon justice through the destruction of military autocracy—that we find ourselves forced into this struggle.

Whatever the differences of opinion may have been about peace or war heretofore—and I am quite sure that there were honest differences of opinion as to whether or not America should have entered this war—I am perfectly willing to respect the opinions of the men who thought differently from me upon that great issue—this is no time to talk about that. The die has been cast, the representatives of the people of the United States, after being informed by your President of the situation, have, by almost unanimous vote, said that America must go into this fight. Now that she is in this fight, her duty to God, to herself, and to humanity is to win as quickly as possible in order to stop this horrible slaughter upon the battle fields of Europe that threatens to destroy the very soul of the civilized world. We are just as much interested, my friends, in stopping the slaughter of Germans as we are in stopping the slaughter of Englishmen and Frenchmen and Serbians and Belgians and Russians and Italians. We are just as much interested in stopping the slaughter of every human being as we are in stopping the slaughter of Americans. But let me say here that in this great service to which God has called us, to which the voice of stricken humanity cries out, if it be necessary to drain the last drop of American blood from the veins of every freeman in this country in order that civilization may be reestablished upon the bases of stable peace and justice in the world, we must be prepared to make that sacrifice.

OUR FOE—GERMAN MILITARY AUTOCRACY.

What are we fighting? We are not fighting the German people. My friends, this is the most extraordinary war of all time. Here we find ourselves, a great people, without enmity or hostility to another great people, engaged in a war with them. We are not fighting the German people; we are fighting the German military autocracy which is trying to enslave the world, America in the bargain. And once we succeed in the destruction of that military autocracy, self-governed peoples may in the future rest in security, because, my friends, do you realize that the one grave menace to the peace of the world for the last 40 years has been the military autocracy of

Germany? We are striving for the destruction of that autocracy, not only to save America for the future, but we are, strange as it may seem, fighting in order that the German people may be disenslaved. We are trying to help them get self-government in order that they may in the future be able to enjoy the same blessings that the people of this great Republic have enjoyed, that they may shake off the shackles of this military system which has enslaved them all these years. When that is accomplished, and we have succeeded, as I pray God that we may, in extending self-government to all the responsible peoples of the world, then and then only, my friends, have you got the guaranties of that stable peace which is founded upon justice; and unless peace is founded upon justice you will never have stable peace in this world.

Do you realize how profoundly the ideals of this great Republic have moved the world in the last five years? Do you realize that the greatest, in one sense, of all autocracies in the matter of sovereign power—that is, the despotic power of the sovereign, has crumbled by the very example of this great Republic? I speak of the Chinese Empire, which is now one of the great Republics, and whose success and whose power to sustain itself to-day rests largely upon the friendship of this great Nation. We have been able to extend substantial friendship, I am glad to say, in every manner that it was possible for us to extend it. We were among the first of the great nations of the earth to recognize the Chinese Republic.

Since this war broke out, another powerful military autocracy has disappeared, and upon its ruins has been established another great republic, Russia, to whose people we have just extended recognition and the right hand of fellowship, and to whom I have, in the exercise of the powers conferred upon me by the Congress, just extended a credit of \$100,000,000. We want them to understand that America's professions of friendship and support are not lip service, but that we intend to put behind every nation fighting with us for the cause of liberty throughout the world what Congress, in its resolution declaring a state of war between Germany and the United States, expressed in this noble language: "We pledge the entire resources of the people of the United States for this great object."

WORLD DOMINION, THE KAISER'S AIM.

There is one remaining military autocracy left, a military autocracy the like of which the world has never known, headed by an autocrat of limitless and lustful ambition, whose covetous eyes rest upon the whole world. His purpose to-day is world dominion. Never since the days of Alexander the Great has such an audacious scheme of world conquest been deliberately conceived and remorselessly organized by any nation. That is the thing that threatens the liberties of mankind; that is the thing that makes it necessary for America to get into this fight as the champion of liberty throughout the world, and to see that that colossal crime, as it would be if successful, is not perpetrated upon the human race.

WE ARE FIGHTING IN LIBERTY'S CAUSE.

I like to feel, my friends, when I think about this war, that it is the only kind of a war in which this great Republic could afford to engage. We would not go into any war for material ends. We would

not lift a finger to take one square inch of the soil of any other nation upon the face of the earth. We do not seek to make subject any other races upon the face of the earth. We do not want any indemnities or any compensation for what we do in this war. We are fighting for an ideal, which is the only thing that makes any nation great, whether it has material resources or not, because any nation with material resources and no ideals will in time become the prey of the conqueror. We do not intend to be drawn at the chariot wheels of any military autocrat, as poor, stricken, bleeding Belgium has been for the past three years, and as horribly devastated Serbia has been for the same time. We intend to assert the power of free America with such effect upon these battle fronts in Europe that it won't be long before the slaughter of all kinds of human beings will be stopped. And when America sits at that council table of peace—and that is one of the things about this war that is such a noble and inspiring thing, a thing upon which I like to let my imagination dwell—when America sits at that council of the great nations she must bear upon her brow the crown of justice, the crown of disinterestedness, and in her eyes must shine the clear light of liberty and love for humanity; she must seek nothing for herself; she must use her benevolent powers for the purpose of seeing that even as between these belligerents, enemies and friends alike, justice is done; that the bases of peace shall be founded upon a fair adjustment of all of the complex questions involved; that no cancerous sores shall be left to fester and disturb the peace of the world in the future; that all may have the assurance that, because the treaty is based upon justice, the new peace may for centuries survive with pregnant blessings to mankind!

THE FIRST NECESSITY—MONEY.

That is the problem now. What must America do to meet it? Wars can not be fought without money. The very first step in this war, the most effective step that we could take, was to provide the money for its conduct. The Congress quickly passed an act authorizing a credit of \$5,000,000,000, and empowered the Secretary of the Treasury, with the approval of the President, to extend to the allied Governments making war with us against the enemies of our country, credits not exceeding \$3,000,000,000. Since that law was passed—it was only passed on the 24th of April, less than a month ago—the financial machinery of your Government has been speeded up to top notch to give relief to the allies in Europe, in order that they might be able to make their units in the trenches, their machinery which is there on the ground, tell to the utmost, and tell, if possible, so effectively that it might not be necessary to send American soldiers to the battle fields. As a result, we have already extended in credits to these Governments—Great Britain, France, Italy, Russia, and Belgium—something like \$745,000,000, and we shall have to extend before this year is out, if the war lasts that long, not \$3,000,000,000 of credits, but probably five billions or six billions. But it makes no difference how much credit we extend, we are extending it for a service which is essential, as I said before, for your own protection, if no other grave issues were involved in this struggle.

This initial financing was not an easy thing to do. The Congress authorized the Secretary of the Treasury to issue, in addition to bonds, \$2,000,000,000 of one-year debt certificates. Their purpose is to bridge over any chasms, so to speak, so that if the Treasury is short at any time, because of extraordinary demands, we can sell these temporary certificates, supply the need, and then sell bonds to take up these certificates. We have been selling temporary debt certificates in anticipation of the sale of these Liberty bonds. The first issue of bonds—\$2,000,000,000—has not been determined by any arbitrary decision or judgment; it has been determined by the actual necessities of the situation. It is the least possible sum that we can afford to provide for the immediate conduct of the war. We are trying to spread the payment for the bonds over as large a period as possible, so that there shall be no financial disturbance, and we are going to redeposit the proceeds in the banks upon some equitable plan so that there shall be no interference with business. This money is not going to be taken out of the country. All of this financing is largely a matter of shifting credits; it is not going to involve any loss of gold; it is not going to involve any loss of values. These moneys are going to be put back into circulation, put back promptly into the channels of business and circulated and recirculated to take care of the abnormal prosperity of the country, a prosperity that will be greater in the present year than ever before in our history. As we sell these bonds we take back from the foreign governments, under the terms of the act, their obligations, having practically the same maturity as ours, bearing the same rate of interest as ours, so that as their obligations mature the proceeds will be employed to pay off the obligations issued by this Government to provide them with credit. So you can see, fellow citizens, that in extending credit to our allies we are not giving anything to them. So far as that is concerned, for the purposes of this war, I would be willing to give them anything to gain success, but they don't ask that. They are glad and grateful that the American Government is willing to give them the benefit of its matchless credit, a credit greater and stronger than any nation on the face of the globe. We give them credit at the same price our Government has to pay to you, its people, for the use of the money, because we do not want to make any profit on our allies. We do not want to profit by the blood that they must shed upon the battle field in the same cause in which we are engaged.

THE LIBERTY LOAN MUST BE A SUCCESS.

What can you do to make this loan a success? You have got to work, gentleman, to make this loan a success. America never before was offered a \$2,000,000,000 issue of bonds. This Government never has had to borrow so much money at one time. The money is in the country and can be had if you men will simply say that the Government can have it. The annual increase of our wealth is estimated to be fifty billions of dollars. You are asked not to give anything to your Government, but merely to invest 4 per cent of the annual increment of wealth in this country to take back from your Government the strongest security on the face of God's earth, and to receive in return for it $3\frac{1}{2}$ per cent per annum, exempted from all taxation, with the further provision that if the Government issues any

other bonds during the period of this war at a higher rate of interest than $3\frac{1}{2}$ per cent every man who has bought a $3\frac{1}{2}$ per cent bond may turn it in and get a new bond at the higher rate of interest. Could anything be fairer than that? Could anything be more secure than an obligation of your Government, an obligation backed not alone by the honor of the American people—which of itself is sufficient—but backed also by the resources of the richest nation in the world, a nation whose aggregate wealth to-day is two hundred and fifty billions of dollars; so that you take no risk, my friends, in buying these bonds.

THE FIRST DUTY OF EVERY MAN AND WOMAN.

This bond offering is not going to be successful of its own momentum. Every man and woman in this country must realize that the first duty they can perform for their country is to take some of these bonds. Those who are not able to take some of these bonds ought to begin saving monthly to take some of them; and if they can not save monthly, or at all, they ought to make some man or some woman who is able to take some of these bonds subscribe. If you do that, my friends, this first issue of \$2,000,000,000 will be largely oversubscribed. It depends, however, upon you. Your Government can not do what you can do for your Government. A government is not worth a continental unless it has the support of the people of the country. And one thing that makes me glad—I ought not to be glad that there is a war—but I can not help feeling a certain amount of reverent elation that God has called us to this great duty, not alone to vindicate the ideals that inspire us but also because it has, for the time being, eliminated detestable partisanism from our national life and made us one solid people. As one people, my friends, with such an ideal, the Republic is invincible and irresistible, and there can be no doubt whatever of the outcome. I want you to give a thunderous reply on the 15th of June—Liberty bond subscription day—to the enemies of your country.

I like to think of the young manhood of America registering in legions on the 5th of June in response to their country's call. I hate to think that I am a part of the old manhood of America, because they will not have me in the Army; I would rather be in the Army or Navy, where I could help strike a physical blow for this noble cause than be talking for bond issues any day of the year. But we can not all serve in the field; we have got to serve where we are called, and that is one of the splendid things about this draft system. It is the very essence of democracy. It does not penalize the first patriots who abandon occupations in which they can serve their country with greater benefit and go to the front, where they can do less good, but it says that a discriminating and just government, through its duly authorized agencies, will find out who are eligible for military service and will determine where every man ought to be placed, so that in whatever task is assigned to him he can render the maximum of service to his country. Let us make a thunderous response on the 5th of June—draft-registration day—by recording the millions of freemen who are willing to fight for world democracy, and then let us on the 14th day of June go out and worship that flag which means liberty and protection for us all.

Let us get down on our knees on the 14th day of June, Flag Day, and thank God that the Stars and Stripes are again leading for humanity and liberty throughout the world. Then, on the next day, June 15, let us all send in our subscription, so that this great Liberty loan will be five billions or ten billions in subscriptions instead of two as notice to the enemies of the United States that they had better pause and think whether or not it isn't better to stop this shedding of blood and further expenditure of treasure than to have to fight this organized and invincible Republic.

WAR TAXATION.

My friends, there are several things which have to be done in addition to selling bonds. I should like to explain to you for a moment that nothing could be more unsound than to attempt to finance this war by bonds alone. I have no sympathy with the argument that we ought to pass this burden along to succeeding generations. I have sympathy with the argument that we ought to pass a part of this burden along to succeeding generations, but not all of it. Succeeding generations did not put us in this war; they have had no voice in this decision. Not only that, but liberty is just as dear to us here as it will be to succeeding generations, and if we want it for ourselves, and if we want to transmit it to posterity, we must do the things now that are necessary to preserve it. We must have taxation as well as bond issues. In the first place, if we had bond issues alone we would have a period of dangerous inflation which would react, upon the termination of the war, disastrously upon our prosperity. There are many bankers here, and I know that they understand full well the dangers of inflation. Business men understand it, too. We must, of course, have a certain amount of wholesome inflation to carry on this war. That is inseparable from the situation; it is an essential thing to have, and I do not deny it. Perhaps I ought to say not wholesome inflation but wholesome expansion. We must keep credit in this country easy. We must see that our great prosperity is properly financed; and while we are doing that we must keep interest rates down, so that business may prosper and production be keyed up to the limit, because with the great demands that are going to be made upon our resources by our Government and by the allied Governments during the next year it will require the utmost energy and industry on the part of every American citizen in every line of endeavor to produce the things that are needed to win this war.

And so, while that must be done, we must also apply a reasonable measure of taxation. It is the best corrective for the inflationary tendencies which grow out of large bond issues. We shall probably have to finance in the next 12 months something like \$10,000,000,000. The total amount of new taxes proposed in this revenue bill is only \$1,800,000,000, or 18 per cent of the total financing we shall probably have to do. It doesn't make any difference that we shall get back from the powers bonds for a large part of these expenditures. We have got to finance it all—their needs as well as ours—in this country. The money is going to stay here, that is very true, but 18 per cent of the total of \$10,000,000,000, I must tell you, fellow citizens, is the least possible amount that ought to be raised by taxation if we undertake

to finance this war conservatively and soundly. Never was there a nation so able to bear that tax burden as the American Nation, and never was there a time when the American people were more willing to make the essential sacrifices to meet the situation.

ECONOMY AND THRIFT.

Not only is it necessary to correct inflationary tendencies, but a certain measure of wholesome taxation is absolutely essential to encourage economy and thrift in this country. When I say economy, I do not mean a lot of hysterical self-denial, the refusal to satisfy the ordinary needs of ourselves and our families, the normal needs, during this time of war. We do not have to cut off our normal needs. What we do need to do is to prevent waste, to stop extravagance, and to give up luxuries for the period of this war. Unless we have a certain measure of wholesome taxation to make men realize the necessity for saving and for the prevention of waste, we are not going to effect those necessary savings. Reasonable taxation is in every direction a beneficial measure in time of war.

Why are savings necessary? They are necessary, first of all, because waste is a crime against civilization at this time; secondly, because everything we save makes us more able to respond to the demands of our country for the necessary finances to conduct this war and to pay the proportion of taxes that must be imposed for that purpose; and, thirdly, because everything we save, everything that every man, woman, and child in the United States can save in the way of food, in the way of clothing, in the way of any other of the essential things of life, is just that much less demand upon the general store of the country. I want you to think of this situation for the moment as one big general store, with Uncle Sam as proprietor. Uncle Sam has got to see that his own people are fed and taken care of; he has got to see, in addition, that the 1,000,000 men, perhaps 1,500,000 men, whom we are going to put into the field are fed and clothed and equipped with the things that are necessary to enable them to become trained soldiers. These men will be taken out of the fields of productive enterprise. They will be for the time they are in the war idle men from an economic standpoint. They have got to be fed and clothed and equipped. That means an enormous drain upon the general store that we have not heretofore had, and unless we economize and prevent waste it is a very serious question whether we shall be able to produce enough to meet all of our demands and the demands of the rest of the world. Everything that we save is going to release that much in the general store for the support of our own armies and the armies of Europe. It is therefore most important, my friends, that that should be done; and I want to urge you all to practice that kind of economy which, while not restricting legitimate business, because that is unnecessary, will prevent valuable food and other things from being thrown into the scrap heap, literally wasted and rendered valueless to everybody.

LIFE AND PROPERTY.

Wars involve sacrifices, as I said before. I have heard some grumbling about taxes. I have sympathy always with the feeling that we ought not to have new burdens put upon us. I don't want to put

burdens upon anybody, and I certainly do not want, where additional burdens must be imposed, to have them unjustly or unfairly distributed. These new taxes ought to be equitably imposed. The difficulty about it is that everybody has got a different idea about equity. Every man has his own notion about equity; and I find, as a rule, that his notion about equity is very much distorted when his own interest is affected. That is human nature, and I am not criticizing human nature. The man who does not reckon with human nature had better quit trying to do business. You have got to realize that fact. The point I want to make, fellow citizens, is this: We have got to stand these burdens and make these sacrifices. I want to draw a contrast for you. You have just passed this draft bill. You have said to the young men of the country between 21 and 30 years of age, "We take you; we take your life; you must die if necessary to protect the property and the liberties of the people who do not go upon the field of battle"—you men who stay here at home, my sons and your sons must go. I have three sons who have already volunteered for the Navy; thank God, they said they were willing to serve their country; and, as I said in St. Paul on Saturday, I would not confess that I had three sons if they did not have the spirit of America in them. We send our sons, my friends, out to fight to protect you and your property. Now, because we are stingy about taxation, or because we quibble about how the money shall be raised, are we going to let our sons go to the front ill equipped, improperly armed, so that they can not sell their lives as dearly as possible, so that they can not make their lives count for all that their blood and spirit are worth? I don't believe that there is a corporal's guard of men in America who will quibble about taxation, who are unwilling to give more freely of their property than of the blood of their citizens. Shall we be more tender with our dollars than we are with the lives of our sons?

I want to ask you men here to-day, because you are the men who form public opinion in this country, to get behind your Government and help wake up the people to the necessity for making these sacrifices of property as well as these sacrifices of blood, because after all it is perfectly useless to expend the blood of our sons upon the field of battle unless we support them at home. Not only that, my friends, but I want you to think of this: All the sacrifices of treasure that we may make to gain a victory—and we are going to gain that victory no matter what the sacrifice may be—will be infinitesimal compared with the sacrifices that every man of property in this country will have to make if Germany wins this war and plants the iron heel of conqueror upon our shores. You may think that I am speaking extravagantly when I say that, but I am not, my friends. Some wit or philosopher said that the best friends of the United States were the Atlantic and Pacific Oceans. Do you realize that that time has gone by? The Atlantic Ocean to-day, under the conditions of modern warfare, isn't anything than a 3-mile wide stream. It has been crossed by submarines already. Canadian manufacturers, I am told, have sent submarines to Europe, of which you have never heard. Germany has sent her submarines over here. Only last summer a German submarine came into one of our harbors, and, after going out, sank a lot of merchantmen off the New England coast. Suppose Germany wins this war. She can

only win it by overpowering France and England. If she does, and gets possession of the British fleet and the French fleet, combines these with her own strong fleet and with her great fleet of submarines, do you think it likely or unlikely that she can make it very uncomfortable for the people of the United States? She will make it very uncomfortable, and the amount of indemnity that you will have to pay will be thousands of times greater than any amount you will have to raise now by taxation to carry this war to a successful issue. So, my friends, let us not quibble about these questions of property; let us not be more gentle with property than we are with the lives of our citizens; let us strive earnestly, diligently, loyally, and patriotically to equitably diffuse these burdens of taxation, because I am just as much opposed to making any one class fight for my liberty as I am to fighting alone for everybody else's liberty, but let us pay the necessary taxes. Let us all try to secure an equitable distribution of the burdens of taxation, but let us not be overrefined about it, nor oversensitive as between classes, because—let me take you into my confidence—I have learned this after four years in the Treasury Department—although I do not make the revenue bills; the Congress makes them—you will never get a perfectly equitable tax measure. So let us not waste time over that. Let us as true patriots put up the price and win the war.

PRICE REGULATION.

Along with these problems you have another thing to consider in this war: You have got to consider the question of essential price regulation. The Government may have to regulate prices during this emergency. If it does it is purely an emergency measure. The Government in the regulation of prices must see that a remunerative return is given to every producer, and that is what the object of the Government is going to be. It is going to be to protect the producer, and after he has been given a reasonable profit we are going to try to see to it that the consumer does not pay an abnormal difference between the cost of production and the selling price. These measures do not smack of democracy; in themselves they are opposed to the ideal of democracy. But whenever war comes to a democracy it is necessary to shuffle off the clothes of democracy to some extent and to organize and consolidate the power in the President, so that it may be effectively exercised for the benefit of the Nation. That is what we are trying to do. We must at the same time, in the purchases that the Government must make from our industries, from our mines, from our farms, from every other source of production, not attempt to take products at cost. The Government must pay a fair profit to the producer. It is not unreasonable to ask the producer to sell to the Government at a fair profit for the benefit of the people of the country, but it is unfair to ask the producer to sell at cost. So that we have got to see that a nice equipoise between all of these essential economic factors is maintained.

While I would not suggest to any man in this country that wholesome and legitimate criticism of public officials be prevented, I would suggest that we try to offer helpful and constructive criticism. Let us not merely carp and find fault. I would not hold an office for one second if I felt that the gag was put upon the people of the United

States so that they could not tell me when I was going wrong. I want them to criticize. I never get a chance to read or hear anything else but criticism. I tell you, my friends, criticism, however unfair—and there isn't a country on earth where criticism is so unfair as in America—is wholesome. I prefer any kind of criticism to none, because it keeps a fellow's feet on the ground, and if he has any tendency to "swell up," it will prevent him from "busting" in short order.

"A SCRAP OF PAPER."

A week ago a patriotic citizen of the United States came into my office, and said, "Give me a pad and pencil." I picked up a piece of paper, a "scrap of paper" that was on my desk, and handed it to him. With a lead pencil he wrote: "I hereby subscribe for \$5,000,000 of the Liberty Loan of 1917, and I agree to pay for it whenever called upon by the Secretary of the Treasury to do so," and signed his name. Gentlemen, that was a thrilling incident to me, because there was the answer of the American people to Germany's declaration that a sacred obligation is no more than a "scrap of paper." We answer it with another "scrap of paper." Upon that "scrap of paper" was expressed the spirit and determination of America that the billions of dollars of resources of this Nation would be expended, if necessary, to vindicate the principles of liberty, justice, and humanity throughout the world.

Fellow citizens, you all know that the security of modern civilization rests upon the inviolability of treaty obligations. You know that when Germany tore up the Belgian treaty, a treaty to which she was a party, when she had given her solemn pledge that she would respect the integrity of Belgium, she struck a mortal blow to civilization, she struck a mortal blow to the security and the peace of the world for the future, if she can vindicate that doctrine. Her excuse for it was not the excuse of the German people, but the excuse of the German autocracy, that national necessity justified the breach of a sacred contract, not alone with Belgium, but with her copowers in that solemn obligation. We can not allow that principle to prevail in this world. We have got to make it clear, my friends, no matter what the cost, that the obligations of nations are more sacred than the obligations of individuals, that the rights of the smallest nations upon the face of the earth are just as sacred and must have the same respect as the rights of the largest nations!



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